

September 10, 2010

Ex Parte Notification

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 05-337

Dear Ms. Dortch:

On September 9, 2010, Chris Nierman of General Communication, Inc. (“GCI”) and I, counsel for GCI, met with Jane Jackson, Margy Wiener, Martha Stancill, and Scott Mackoul of the Wireless Telecommunications Bureau and Amy Bender and Patrick Halley from the Wireline Competition Bureau to discuss the Mobility Fund proposed in the National Broadband Plan (“NBP”). As previously set forth in GCI’s comments in the above-referenced docket, we outlined GCI’s history as a competitive carrier, highlighted the difficulties of serving rural Alaska and Alaska Native populations, and summarized the company’s deployment of the first modern digital wireless service to much of rural Alaska.

The NBP correctly concluded that mobile communications can and should be an important part of deploying broadband to rural America. The recommendation that “The FCC should create a Mobility Fund to provide one-time support for deployment of 3G networks, to bring all states to a minimum level of 3G (or better) mobile service availability,”¹ however, may not effectively promote rural mobile broadband deployment and, in fact, may produce unintended consequences that hinder such deployment, especially in areas with low-density populations. One-time infrastructure grants without support for the often high operating and maintenance costs may be insufficient to produce sustainable mobile networks in many rural areas. This will be especially true if, as recommended by the NBP, CETCs lose legacy high-cost support – which is critical to supporting ongoing operations – after five years, but are not eligible to participate in the Connect America Fund (“CAF”) for an additional five years.

One-time infrastructure grants may be insufficient to ensure the deployment of mobile broadband networks in many rural areas, especially where such networks that lack adequate terrestrial middle-mile transport to the Internet backbone. In much of rural Alaska, for example, there is a business case neither for building mobile networks nor operating and maintaining those networks once built, especially when the costs of deploying and operating adequate supporting middle mile facilities is taken into account. Thus, if the Commission is truly committed to supporting service to *all* Americans, support will be required not simply for the capital expenditures required for network deployment, but also for operating and maintenance expenses.

¹ NBP Recommendation 8.3.

In Alaska, carriers must deploy equipment to withstand extreme conditions. In addition, because of the lack of a widespread intertied power grid,² each community generates its own power, primarily through the use of diesel generators that burn fuel often costing rural power companies \$5, \$6, or even \$7 per gallon.³ As a result, power in these isolated areas can be extremely expensive. Many of these rural communities pay more than \$0.50 per kWh,⁴ while the national average for commercial retail electricity is about \$0.10 per kWh. And this fuel often must be flown to the generator sites, which adds additional costs. Maintenance is also quite expensive due to travel costs and weather challenges. The low population densities in many of these areas simply will not support these operating costs, even for networks that are already deployed. Supplying only infrastructure funding while removing legacy high-cost support will only hinder the Commission's goal of connecting *all* Americans to broadband. GCI has thoroughly discussed these issues in previous pleadings.⁵ The proposed Mobility Fund does not appear to be scaled or conceived to help rural Alaska bridge that middle-mile gap.

The inadequacy of the Mobility Fund would be further exacerbated by the NBP proposal to phase down to zero high-cost funding to CETCs, including wireless carriers, over 5 years, but not allow those wireless carriers to compete for CAF support for another 5 years after CETC support sunsets. Such a regime would quite possibly waste the Mobility Fund support as parts of those networks may not be functioning in 10 years without ongoing high-cost support. This will be particularly harmful in Alaska Native and Tribal Lands, where communication infrastructure and penetration are severely lacking. The Commission has already recognized the unique role of CETCs in Alaska and other Tribal Lands when it adopted an exception to the interim cap on high-cost universal service support for CETCs that serve Tribal Lands, stating, "[b]ecause many tribal lands have low penetration rates for basic telephone service," the Commission did "not believe that competitive ETCs are merely providing complementary service in most tribal lands,

² *New Energy for Alaska*, Alaska Power Association (March 2004), <http://www.alaskapower.org/docs/New-Energy-For-Alaska.pdf>.

³ *See Statistical Cost of the Power Equalization Program: Fiscal Year 2009*, Alaska Energy Authority, Executive Director's Statement (March 2010) <http://www.akenergyauthority.org/PDF%20files/FY09%20PCE%20Statistical%20Report.pdf> Recently, utilities have begun adding wind turbines to the diesel generation systems, more as a way of slowing price increases rather than providing price reductions. There are a small number of communities in rural Alaska that use hydroelectric or other renewable resource, but they are atypical.

⁴ *See Table of Small Commercial Rates*, Alaska Village Electric Cooperative (April 1, 2010), <http://www.avec.org/downloads/Small%20Commercial%20Rates.pdf>.

⁵ *See e.g.* Comments of General Communication, Inc., WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337 (filed July 12, 2010); Comments of General Communication, Inc., GN Docket No. 09-47, GN Docket No. 09-51, GN Docket No. 09-137 (filed Nov. 4, 2009).

Ms. Marlene H. Dortch
September 10, 2010
Page 3

as they do generally.”⁶ Accordingly, the Commission should not rely on the Mobility Fund as a replacement for legacy high-cost support to CETCs serving tribal lands, but instead should continue to treat such CETCs similarly to ILECs in whatever form it ultimately alters the high-cost program, whether creating a CAF or otherwise.

The best step that the Commission can take to support deployment of rural broadband in Alaska is to continue the current Tribal Lands policy. Certainly, it would be unwise to alter that policy without a clear picture of how any successor policy would support network deployment and operation in Alaska’s uniquely challenging environments.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Nakahata", written over a horizontal line.

John T. Nakahata
Counsel for General Communication, Inc.

cc: Jane Jackson
Margy Wiener
Martha Stancill
Scott Mackoul
Amy Bender
Patrick Halley

⁶ *High-Cost Universal Support; Federal-State Joint Board on Universal Service; Alltel Communications, Inc., et al. Petitions for Designation as Eligible Telecommunications Carriers; RCC Minnesota, Inc., and RCC Atlantic, Inc. New Hampshire ETC Designation Amendment*, Order, 23 FCC Rcd 8834, 8848 ¶ 32 (2008) (citation omitted).